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SUBJECT: KATSAV SETS MARCH 28 ELECTIONS, GIVES SHARON ROOM TO GOVERN

REF: TEL AVIV 6576

1. Summary: Knesset representatives and President Katsav agreed November 23 to schedule elections for March 28, and to dissolve the Knesset by presidential decree, a measure that will allow Prime Minister Sharon to appoint new ministers during the period until elections without Knesset approval. Katsav signed the decree dissolving the Knesset later in the day. Polls released on November 22 show that Sharon will win another term as prime minister, with his new party winning some 30-33 seats in the next Knesset, the Labor Party winning 25-26, and Likud winning only 12-15. The seven-way race for Likud Party leader, meanwhile, is heating up, with polls showing Binyamin Netanyahu with a lead over both Defense Minister Shaul Mofaz and Foreign Minister Silvan Shalom. End Summary.

2. Elections Procedures

-- Knesset Law and Justice Committee Chairman Micki Eitan and President Katsav agreed November 23 on a March 28, 2006, election date and on dissolution of the Knesset by presidential decree. Katsav signed the decree only hours after reaching the agreement.

-- According to the Basic Laws, after the President signs an order to dissolve the Knesset, the order is published and takes effect in 21 days. As part of the Katsav-Eitan agreement and in order to facilitate March 28 elections, the 21-day period will not begin until December 8. During the 21-day period, a minimum of 61 MKs can petition the President to task an MK with forming a new government. If such a candidate is not found, the order goes into effect at the end of the 21 days. Observers see no chance that any MK will be able to form a new government.

-- Dissolution of the Knesset by presidential decree allows Prime Minister Sharon to appoint new ministers during the period up until elections without Knesset approval, but as part of the agreement, Sharon can appoint such ministers only from among Knesset members.

3. The Changing Government

-- With the resignation of all eight Labor Party ministers taking effect by November 24, Sharon's new Cabinet will initially consist of 12 ministers.

-- The Likud Party decided November 22 to remain in the government at least until it has chosen a new party leader. If Likud resigns, Sharon would be left with six ministers in his Cabinet.

4. Primaries

-- The Likud Party has set its first-round leadership vote for December 19. If no candidate receives over 40 percent in the first round, a second round is to take place on December 22. The entire Likud membership of some 150,000 votes in these primaries.

-- Foreign Minister Silvan Shalom, Defense Minister Shaul Mofaz, Agriculture Minister Yisrael Katz, Education Minister Limor Livnat, former Finance Minister Binyamin Netanyahu, MK Uzi Landau, and settler leader Moshe Feiglin are contenders in the Likud Party leadership race.

-- The primary for the Likud Party's Knesset list is scheduled for January 3. Likud's 3,000-member Central Committee votes on the composition of this list.

-- The primary for Labor's Knesset list is scheduled for January 17. Labor's 3,000-member Central Committee will vote on the list.

-- Israel Radio reported November 23 that Shimon Peres will meet with new Labor Party Chairman Amir Peretz and is expected to tell him that he has completed his "time out" of politics and is returning to Labor Party political activity. Reports are unclear as to whether Peres will seek a Knesset seat or opt to work from outside the parliament.

5. Sharon's New Party

-- Sharon has tentatively agreed to name his new party,

"National Responsibility" and not, as some reports claimed, "Kadima" ("forward").

-- The following 13 Likud MKs have announced that they will join Sharon's party, entitling the new party to bring with it some portion of Likud's finances: Finance Minister Ehud Olmert, Justice Minister Tzipi Livni, Tourism Minister Avraham Hirschson, Minister of Internal Security Gideon Ezra, Transportation Minister Meir Sheetrit, Omri Sharon, Eli Aflalo, Ruhama Avraham, Ronnie Bar-On, Ze'ev Boim, Marina Solodkin, Majallie Whbee, Ya'akov Edri.

-- The Knesset House Committee voted November 23 to split the Likud Party into two factions: the Likud Faction and the National Responsibility Faction, comprised of 14 former Likud MKs.

-- MK Chaim Ramon announced November 23 that he is resigning from the Labor Party to join Sharon's new party.

-- Former Am Ehad MK David Tal also announced November 23 that he will join Sharon's party.

16. Polls

-- Three separate polls taken since Sharon quit Likud show that, if voting were held now, Sharon's new party would receive 30 to 33 of the Knesset's 120 seats, making it the largest party. The Labor Party would become the second largest party, with 26 seats, and the Likud Party, losing two thirds of its current seats, would win only 12-15 seats.

-- Two separate polls among Likud voters produced disparate results, although both showed Netanyahu in the lead among Likud chairman contenders. In one poll of Likud voters, Netanyahu won 51 percent, with Defense Minister Shaul Mofaz and Foreign Minister Silvan Shalom each taking 15 percent. In another poll, Netanyahu takes only 26 percent, with Mofaz winning 23 percent and Shalom 16 percent.

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JONES